ABSTRACT

In a financial product an amount of money is provided as a loan principal in return for the obligation to make periodical loan payments during a term. The amount of the periodical loan payments is periodically adjusted on basis of an index number during at least a part of the loan term. The addition of such an indexing of the periodical loan payments provides applicants for fixed interest rate mortgages, loans and other financial products with an extended freedom of choice. One can choose for a construction in which less interest is paid or for a construction in which a higher loan principal can be obtained. Even a combination of these two options is possible. As a result of this extension of possibilities it is, for example, possible to obtain a higher loan principal without facing irresponsible debt payments. The required financial space is provided by the principle that the periodical loan payments grow along with the index-linked disposable income or profits of the debtor, whereas the fixed interest rate secures proportioned interest costs.